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FIRST REPORT

OF

COMMITTEE

UPON THE

Petition

OF THE

**Welland Canal
Company,**

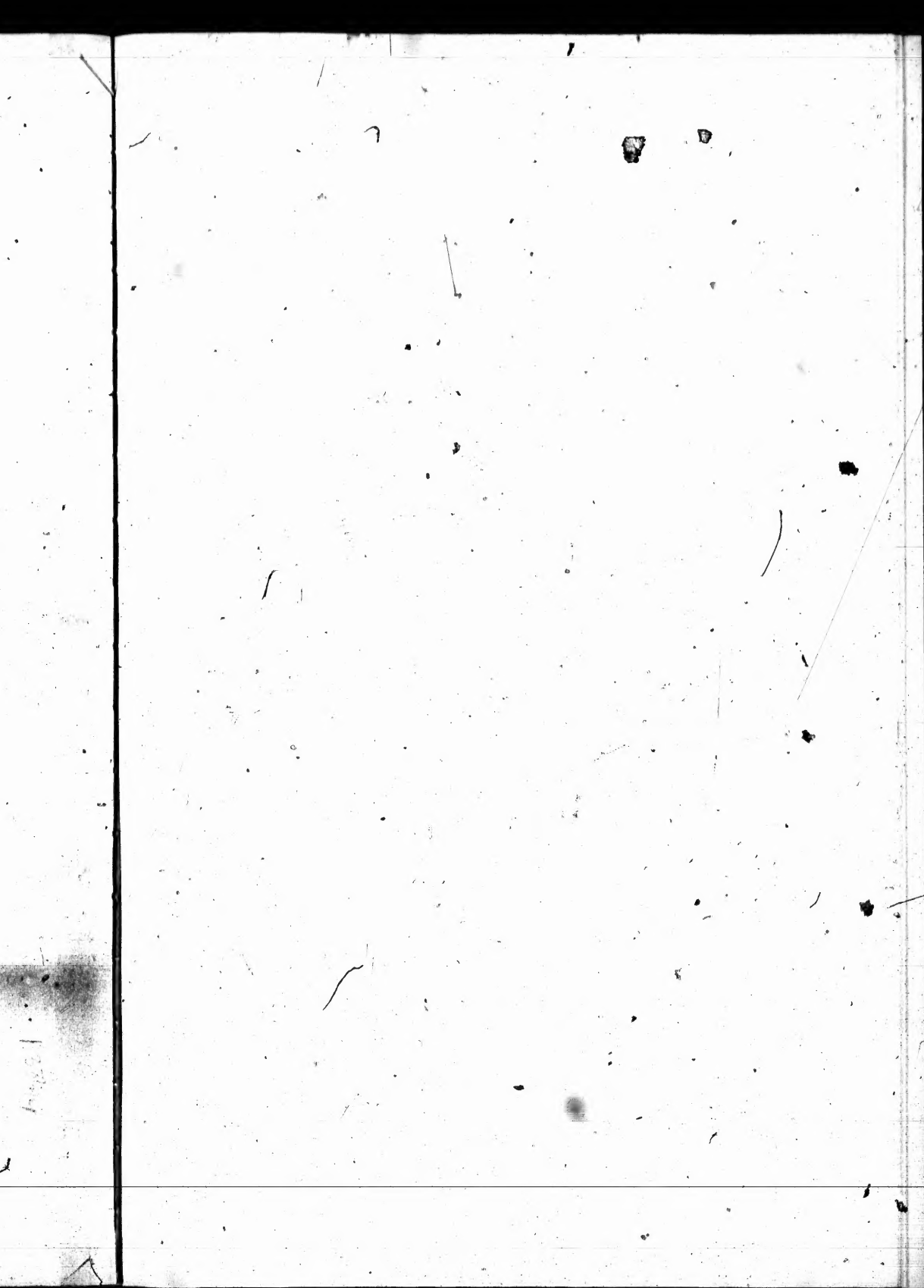
WITH

The Letter

OF

J. B. YATES, Esq.

TO SAID COMMITTEE.



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TO THE HONORABLE THE COMMONS HOUSE OF ASSEMBLY.

The Committee to whom was referred the Petition of the Welland Canal Company, beg leave to make

A FIRST REPORT.

From the indefinite terms of the petition, the Committee called before them, among others, Mr. Yates, one of the principal stockholders in the Canal, and requested he would give the Committee any information within his reach on the subject of the prayer of the petitioners, and on the present situation of the Company generally.

From the long acquaintance which Mr. Yates has had with the subject, it was supposed a clearer and more general view of the present state and wishes of the company could be obtained from him in the form of a letter to the Chairman, than in any other way.

In compliance with this wish, Mr. Yates has addressed to the Committee a letter which is appended to this Report.

Without entering fully into the opinions expressed in Mr. Yates' letter, the Committee are bound to call the attention of the house to the propositions suggested towards the close of it. The first question is, should the Government advance a sum sufficient, not only to place the Canal in such a state of repair as may insure success during the ensuing season, but also to restore the credit of the company, by enabling them to discharge the debts due to different individuals.

To the Province in a commercial and general view, the value of the Canal is denied by none. And it is admitted that the means of the stockholders are insufficient to place the canal in a state of repair for the ensuing season.

We are then required to consider whether the Province by withholding support, shall allow the Welland Canal to go into comparative disuse, even for one year, and thereby possibly turn from Upper Canada the principal advantages to be ultimately derived from this communication between Lakes Erie and Ontario.

The amount of debts outstanding against the Company is nearly £25,000 & the sum estimated to be expended during the ensuing season, according to the estimate of Mr. Wright is £8,500.

The Committee would call the attention of the house to the suggestions contained in the report of Commissioners appointed by an Act of the Legislature, during its last session, as to any future provision for the Canal. Upon this part of their Report, Mr. Yates has entered very fully, and his views seem in many respects, to correspond with the views of the Commissioners.

The means of the Company are exhausted—they are in debt—the Canal requires repair—without repair it must be at least for one season comparatively useless. Our enterprising neighbors are upon the alert, to seize any opportunity which may divert the trade and transport of the west from the waters of Canada.

Should any hesitation on our part to complete the Welland Canal, induce them to establish a route, affording even minor advantages, Upper Canada must for a great length of time, perhaps forever, be deprived of the great benefits offered by the Saint Lawrence, one of the great if not the principal outlet of North America.

The Legislature have heretofore offered assistance to the Canal, but generally in such sums, and on such conditions as not to enable the Company to proceed with so much energy and certainty as to insure the completion and success of the work. The resources of the Company have been in many instances expended, and their energies almost paralysed in consequence of a series of accidents which none of those most interested in the prosperity of the work, could foresee or prevent. And yet Mr. Wright gives it as his opinion that the expenditure on the Canal must, under all circumstances, have been conducted with great economy. This opinion of Mr. Wright's is entitled to much consideration, and ought to remove all doubts; if still entertained, that the funds of the Company, and loans given by this Province at various times have been improvidently expended.

The Committee deem it unnecessary for them to recommend, to your Honourable House, either of the propositions submitted by Mr. Yates, and can only hope that something may be done, during the present Session, to place the Welland Canal in such a situation as may be most beneficial to the public interest.

J. H. SAMSON, *Chairman.*

Committee Room, 9th January 1931.

TO-JAMES H. SAMSON ESQ.

CHAIRMAN OF THE COMMITTEE OF THE HOUSE OF ASSEMBLY ON THE WELLAND CANAL

PETITION.

YORK 21st, DECE. 1833.

SIR,

Unapprised as I have been until this day of what the wish of the Committee would be, I had not prepared any written statement for submission to them, but on the suggestion of others had supposed a different course would have been preferred.

I will however in compliance with your request in as condensed a form as I can, present a history of the Canal, in a few particulars a little variant from that given by the Directors in their report of last year, after which I propose making some suggestions relative to the present state of the work and what is required to be done.

My health is not good, and the time now left in which I must do this is short.

In 1824 the first act of incorporation was passed for a small Canal, part of the stock was subscribed, a call made, and the work commenced on the 30th of November in that year.

The subscribers to the stock were however desirous that permission should be obtained to enlarge the Canal, and increase the capital.

The routes and points of termination were then open for investigation, and decision, and as the stockholders supposed under their control. In 1825 the law was passed increasing the dimensions of the Canal, and the extent of capital, but fixing the point of termination on Lake Ontario and altering the ratio of voting on shares, so that a thousand shares gave no more votes to a stockholder, than one hundred.

These were very exceptionable alterations, but assurances were given that the work would with these alterations, receive a decided and efficient Legislative patronage. Although permission was granted to those who had paid any money under the first act to *withdraw and reclaim their money* already paid, yet as no fund for such repayment was provided if the project was abandoned; and a resolution for the appropriation of £25,000 in aid of the work having been passed at the same session as an earnest of the intention of Government to sustain it, those who had subscribed determined that they would not abandon the work for this cause but continue their support.

It appeared also from the very enactment itself, by fixing the point of termination imperatively that Parliament had been governed by considerations with which stockholders have nothing to do, and the choice was confined to submission to the mandate or abandonment.

The books for subscription to the stock were opened in several places. The Receiver General of the Province who was President of the Company appeared in New-York and offered £75,000 for New-York subscription, reserving the remainder except a small sum subscribed in Canada, for the English market.

In the intermediate time, before the stock was ever offered in London, the Directors determined on the strength of the New-York and Canada subscription only, to proceed with the work.

The attempt to procure subscriptions to the stock in England was procrastinated until the memorable year of bubble projects, which it is well known, was followed by a general prostration of credit, and an undistinguishing suspicion of all undertakings of this sort, destroyed every hope that the remainder of the stock would be taken by individuals any where.

In this state of things, the attacks on the Canal, in consequence of its point of termination on Lake Ontario, were renewed. The whole commercial interest of the country was arrayed against it as a hopeless and profitless project, both for public and private uses, the New-York stockholders were assailed by every argument that could be addressed to their interests or their fears, and the pecuniary safety of some of them was threatened for a time. Yet the Directors persisted in their calls on the stock thus partially subscribed with a full knowledge that there was not enough to finish any part of the work for use.

Many of the Canadian Stockholders forfeited their shares, some offered theirs for sale, thus increasing the load upon those who fulfilled their engagements, while the shareholders in New-York, with a confidence that the work would be supported by the Government, paid up.

In the year 1826, pursuant to the resolution of the preceding year, £25,000 was appropriated by way of loan.

The depression of the stock & its low estimation among moneyed men, still continued, and in the winter of 1827 when the £25,000 from Government and about 70 per cent. of the subscribed stock had also been called in and expended, the Directors made application for Government assistance, but to so limited an extent that one of the Stockholders made a personal representation and exhibited the inefficiency of so small an aid.

In consequence of this by a very small majority after much opposition, the Province subscribed £50,000 of stock and made a further loan of £25,000, and also provided for a participation in the Government of the Company by the appointment of two Directors.

The same session the Province of Lower Canada also subscribed £25,000 of stock. During the winter a Dispatch was received from Lord Bathurst, Colonial Secretary, promising on the part of the Imperial Government a grant of money equal to one ninth of the estimated cost of the Canal, on certain conditions, which were complied with.

Fresh confidence was thus infused, and the Stockholders became more fully assured that the work would not be abandoned by Government. Yet in all this the commercial interest of the country was not conciliated to its termination on Lake Ontario, and it was generally believed that so placed it could not be profitable. The stock therefore continued unsaleable in the market. The Company of course had no credit on its own strength, while the means and credit of some of its most prominent private supporters had been exhausted, by continued and heavy payments to a work so generally disparaged.

The funds thus appropriated were again exhausted and the actual cost of the Canal exceeded the estimate so far that it was thought expedient to send Mr. Merritt to England. He succeeded in procuring a loan of £50,000 from the Imperial Government on condition of surrendering the claim to the performance of the former promise of one ninth of the cost.

A private subscription to the stock was also obtained by Mr. Merritt from some persons high in office and a few others of some standing and wealth that the smallness of the sum rather impelled than aided to the extinction of the stock; although it exhibited their good will to a work hopeless of profit, but for the accomplishment of which they were willing to throw away a certain sum.

Again, however, hope was revived the progress of the work was pursued, but during the absence of Mr. Merritt, the contracts for some of the locks had been badly performed; and shortly after the sliding of earth at the deep cutting occurred when the whole excavation was nearly completed. The whole project was now confidently pronounced a failure by those opposed to it, and many of its friends were dispirited.

There was a determination however on the part of the large stockholders to persist in the undertaking, relying on the deep interest Government had taken in it, and the evident advantage the Province must certainly derive from it.

The alternative was now presented, for the consideration of the Directors, either to persist in the precarious attempt to make a thorough cut to the Welland River, or take a feeder from the Grand River.

It is not within the limits of my present plan, to examine the merits of these projects; although I am prepared to show that the one adopted by the Directors was the only one which afforded a hope of success.

Further excavation at the deep cutting was abandoned and a route for a feeder from the Grand River surveyed. The excavation was commenced and a contract for the construction of a dam across the Grand River entered into after some preparation had been made and the site for the dam fixed under that contract, with a due regard to the safety of the Inhabitants and economy, objections were unexpectedly made to the place, as too near the mouth of the River for naval purposes; and the Board was compelled to select a station five miles higher up the River, by which a great additional expense was incurred.

At this time, also, obstacles were thrown in the way of an attempt to facilitate the entrance of vessels into the mouth of the Welland River, which were however unfortunately for the Company, overcome.

To this difficulty, its removal and effect, I may again have occasion to refer; for instead of being beneficial to the Company, it gave prosperity to a place almost inaccessible before and afforded animation and vigour to the faithless and unrelenting opposition, if not persecution, the Canal and its supporters have ever experienced from any quarter.

A considerable sum was ultimately expended on the Welland River for a towing path and the cut across the point at Chippewa—after some further progress in the work in 1831 it was ascertained that the funds must again be exhausted, and the work stop or more money be procured.

The Company decided on sending again to England, and one of the stockholders in New-York consented to go. He was directed to procure if possible a remission of the debt to the Imperial Government to the extent of the sum originally promised by Government and to procure a loan or dispose of stock to the amount of 20 or £25,000, which it was supposed would make the Canal navigable by way of the Niagara and Welland Rivers into Lake Erie.

On the strength of this mission, in the hope of its success, the friends of the person sent, in New-York, accepted to the amount of £10,000, to prevent the work from stopping altogether.

The application to Government for the remission of the debt did not at that time succeed, but a subscription for stock to some amount was obtained. With this sum it was hoped the navigation by the above circuitous route would be opened and the practicability of the work being thus proved, confidence would be restored and a sufficient degree of credit secured to complete the remainder. The Company was however again doomed to disappointment. The contract for the dam across the Grand River was not well performed; and the whole having settled more than two feet the Canal was left dry and instead of a good effect being produced by the use of the Canal, during the summer and autumn of 1830, additional discouragement was experienced and the noise from the whole body of assailants so completely misled the community that explanation and justification could not be heard except by a few who had independent character and strength of judgment to look beyond this barrier of obnoxiousness. Notwithstanding these efforts against them, fostered by a gratuitous malignity and successfully maintained by exaggerated statements of the casualties that had occurred, relying on the few who were willing to investigate for themselves; the Directors compelled by the necessities of the Company again in 1831, presented their memorial for further aid from the Province. This was however done with so hesitating a fearfulness, that they did not make a full representation of the actual wants of the company, to obviate the defect one of the stockholders again, as in 1827, made a representation and freely exhibited what in his opinion must be the wants of the Company, and attempted to prove the good policy and beneficial effect of adequate and full instead of partial relief. The Committee after a thorough examination of the affairs of the Company approved of the more efficient course recommended and reported in favour of creating a Government stock to the amount of £200,000 taking the Canal and its works in pledge therefor, for the purpose of completing the Canal as it should be, paying off the former debts of the company to the Government and consolidating the whole. The useful effect of this measure on the prospect of the Company, the funds of the Province, and indeed the whole character of the undertaking was so evident to every person who had bestowed any thought on financial operations, that its failure after being recommended by the Committee, confirmed by the Commons House of Assembly, and supported by a resolution of supply, was matter of astonishment and regret to many disinterested friends

of the work both in and out of the House. It is not my design to examine the cause of the abandonment of so good a measure. It will be sufficient to say, that all the features of this promising measure were altered and a loan of the credit of the Government was voted for £50,000, a sum merely adequate to make the communication to Lake Erie direct, leaving the supply for repairs & the restoration of an impaired credit by payment of debts, & also the payment of the semi-annual interest on the £50,000, dependant on the contingent tolls to be derived from an imperfect, and, indeed, an unfinished work. Unequal as this sum was, to the full accomplishment of the object, the aid was necessary, and I shall not be accompanied with most singular and personally barterous conditions, yet those conditions were complied with, and it was thankfully received. The work was again started with vigour, a temporary loan having been procured, on the hypothecation of these Government securities, for £50,000, and there was every reasonable prospect that the whole would be finished in a short time, when all labor was arrested by that desolating scourge with which, in 1832, the whole country was afflicted. Thus time after time, and year after year, have the prospects of this company been blasted by occurrences not within their control, and by a public calamity in which the whole Province was involved; yet in this last instance, if what I heard was a true representation of the language used, the company has been charged with fault, for not having had power to contend with this afflictive dispensation of Providence.

At the end of the year 1832, the Directors again found their funds exhausted, the company deeply in debt and without any means or credit to prepare the Canal for the business of the Spring. On this representation, I am told, the most unbounded vituperation was used. Some of the oldest and warmest friends faltered, and nothing more was done than the purchase, on the part of the Government, of £7,500 of the remaining Capital Stock of the Company, on the express condition that this money should be expended under the direction of three Commissioners appointed by the Province; with such limitation and restrictions as to imply a Legislative censure on the Board of Directors, or Agent, for misapplication of money:—And an Engineer was employed to examine and report upon the work. In all this, no provision was made for the payment of the Debts of the Company, and its Creditors were in some instances ruined by procrastination.

The use of the Canal, in this first year of its completion, to Lake Erie direct, did not commence until the best business of the season was past; and it is well known that, in the transportation of the produce of the country, mercantile engagements must be made during the winter. Notwithstanding this great disadvantage, the evidence of its prospective usefulness, afforded by the short time in which the Canal has been in operation this season, is conclusive.

The season of business was broken, commencing in June instead of the first of April. There were no funds to keep the Canal in order, in the hands of the Company; and no such assurance of safety could be given as to justify prudent men who had another channel to recommend its use. The transportation was, however, fifty per cent. more than the preceding year in the three months of uninterrupted navigation, which is perhaps the full extent of time that it has been in use this season, free from casualties,—the bad effect of which would have been, in part at least, obviated, if there had been means to prepare for contingencies. There is good reason to believe, that, if the Canal could have been ready for use in April last, and full assurance given that it would be kept in common order, the income from it would have exceeded £12,000; and this sum will more than pay the interest on the whole debt of the Company.

The Canal was open, and in use, altogether unimpeded by ice in this month, even during the cold weather which we have had; while, on the Erie Canal, they had been obliged to break and cut ice in several places. The Company now requires, in order to secure the earliest opening of the Canal promptly, to be aided to an extent that will enable the Directors to widen the feeder, so as to admit a greater flow of water; to dredge the Canal; to repair and secure their locks; to complete their harbours; and to pay their debts. The remaining £100,000, contemplated to be loaned in 1831, would be sufficient for the purpose, and, with the income of the Canal, gradually renew the locks, and make them of greater dimensions as they require renewal. I have thus given as succinct an account as possible of the progress and present state of this great work. In looking at and examining some of the most prominent circumstances, which in all that at the present time can be done by me in its progress, I cannot avoid a remark, founded on what has appeared to me one of the most singular circumstances ever known in such a work. An exhibition throughout of disinterested anxiety on the part of many with regard to the expenditure, and sometimes a gratuitous suspicion of misapplication of money, (evidently without much examination,) while the private stockholders (a very few of whom hold an amount equal to the stock interest of the whole Province therein,) have closely examined the accounts, and, although disappointed in the whole cost of the work, are satisfied with the expenditure, and retain their confidence in the prospect of the Canal, and in a full and certain return upon their entire outlay, if they shall be sustained.

In complete confirmation that this confidence in the economy of expenditure has been well founded, every Committee for the purpose of investigating the accounts has reported the same thing; and now an engineer, appointed by Commissioners selected by the Legislature to expend a sum on the Canal, for which an equivalent in stock is held by Government, has candidly (although necessarily, in truth,) reiterated the fact—*That much economy in expenditure must have been used to have produced such results as even the present state of the Canal exhibits.*

I now propose drawing the attention of the Committee to some particulars in the Report of Mr. Wright—and first I notice the Locks on the Canal. These unfortunate Locks have been a fruitful source of declamation and misrepresentation. Some few of them were badly constructed in the first place, owing to fraud on the part of the Contractors. With the exception of these, all the Locks have answered the expectation of the Company; and it is demonstrable that, under the peculiar circumstances, any attempt to construct more expensive ones must have produced a failure in the work, and ruined some individuals who solely sustained it in its commencement. Other plans for Locks have been recommended. A short comparison of their promised durability may be useful. Mr. Wright estimates the cost of repairing the present Locks, without enlarging them, at £1700 each, which may be done gradually as they shall require repairing, stating a probable duration of four years, within which time it may become necessary to attend to all of them in this way; and then he supposes the repaired Lock will last 10 years. The present Locks have cost on an average not to exceed £750 each; and the first four of these Locks were completed in 1826, and have not required any repair. They are yet as good after seven years' duration, and much greater exposure, than to have been in continual use. Where the Locks have been regularly supplied with water, the foundation will not sustain injury in fifty years, and the top or upper part of them can be renewed every ten years for less than two hundred and fifty pounds each.

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These Locks, therefore, which have cost each £750 only, with every disadvantage of an empty Canal and the worst species of exposure both winter and summer, are yet so use. Their width is 10 feet more than the other Locks, being 32 by 125 feet clear, the danger of sustaining injury was greater in proportion to the pressure of water and size of Lock-Gates. The conclusive evidence from this part of the experiment is, that, when well made, this species of cheap Lock is as durable as any other Wood Lock. The cost, as suggested by Mr. Wright, for repairing is £1500. Deduct from this the actual cost, £750, of a new Lock on the present plan, the balance is £750. Put the duration of the present Lock at 10 years, seven of which have already expired, and the interest on the difference only, annually compounded at the rate of six per cent, amounts to near £746; so that, in the worst possible form, if the whole required to be taken up from top to foundation, the difference of interest alone on the relative cost would not cost a new one every ten years, instead of repairing the old one.

No man acquainted with the duration of wood under water will hesitate to say, that wood immersed in water is probably imperishable by time only. All, then, below the water is as good as stone; and it is an absolute allowance to any one-third of the original cost will replace all above water, exclusive of the Gates, which are equally perishable in all Locks. £250, therefore, the sum above named, will repair them annually, and this may be done in the winter when the Canal is not in use. This calculation is on the supposition of repair only. The engineer's next proposition is a Lock of £2416. The difference between this and the cost of the present Lock is £1666; the interest as above on this difference, for ten years, is £1310, (I throw off fractions,) nearly double the cost of our present Lock; and yet this is still only a superior sort of Wood Lock, with rubble or dry stone wall, sheathed with wood, conveniently repaired, as it is said, but still requiring repair in the same time and manner with the other.

The unerring certainty of mathematical calculation settles this question, and the Company have adopted a course, the most conducive to public and private interest in the prosecution of their work. The next species of Lock presented for consideration is that of Stone. Mr. Wright's estimated cost of a Stone Lock is £4812; the difference between our Locks and one of these is £4,066. Three years' interest thereon, compounded annually, is a fraction more than £775. Of course a New Lock, like ours, may be made for the interest on the difference in cost, every three years. But Good Locks on our plan have lasted seven years, and will last several years more,—that is, the exposed part of the rest will, undeniably, last as long as we know any thing of time. Assuming, as we have done, Mr. Wright's limit of ten years,—at the end of this period the difference in the interest will be somewhat more than £3,196 each, and £500 will substantially repair any of our Wood Locks: The difference, there on, on the interest only, at the end of ten years, is £3,916;—multiply this by 40, the number of Locks in the Canal, and the saving amounts to the enormous sum of £117,840, or 471,360 dollars.

When Mr. Wright made his Report, he presented his propositions to men competent to examine his statements, and they were submitted for consideration. It certainly never occurred to him that the information and the enlarged view on which his calculations were founded would be so perverted as to afford an argument against supporting the work. These Estimates were presented for consideration, and to be adopted when a conviction should become prevalent that the business of the Canal will warrant it,—of which he does not appear to entertain a doubt as an event that must soon occur; and, unless the ordinary laws which govern the commercial intercourse of society are different here from any other known region, in less than ten years the business on the Canal will support any expense that may not only be necessary, but, under any circumstances, desirable. Assured, as I feel, of the liberal feelings of the Members, and willingness as well as competency to examine this part of his Report, I beg leave to draw your attention particularly to it. Attempts have already been made to pervert its meaning; and impressions, evidently never designed, have been excited in relation to the requisite expenditure upon the Canal, to sustain it in useful operation. This can have been occasioned only by too superficial an examination of the Report and its Statements.

This feature in the Report of Mr. Wright I shall again have occasion to notice, and will therefore leave it for the present.

The misrepresentations with regard to the Locks have been the most untrue of any that have been uttered in relation to the Canal. It is painful to be placed in a situation that requires the exposure of deliberate and premeditated falsehood; but, disagreeable as the task is, when it becomes my duty, and is within the limit of my right, I shall not omit it. It has become almost an axiom among a certain class of Engineers, that Locks for Canals, made of Wood, are useless; and so many of the merely imitative part of the community have blindly adopted it as such, that any attempt, reasonably to disprove it, is in danger of being laughed into silence. It is, therefore, with some gratification, that the testimony of Mr. Wright, in his Report, may be referred to as not objecting to Wood Locks. He merely prefers varying plans of his own. I have endeavoured to show, that, even there, we lose nothing, by comparison, in durability, and gain much in cost.

I owe an apology, perhaps, for the terms I have used with regard to those who, without any reason, have condemned the use of Locks made of Wood. I have so often been met by expressed incredulity, after positive and unimpeached evidence, that I cannot give credit to their sincerity except on the supposition of too easy an acquiescence in a received opinion, and culpable heedlessness of proof, while there is a pretension to full information.

When no injury can result from submission to, and retirement from, such a course, it is well. But, when the protection of an important work, and the prosperity of the whole community, are dependent upon our firmness, we must not permit ourselves to remain silent for the sake of quiet. There are many who are called to act on this subject, and have had no opportunity for investigation. It is injustice to them to permit bold assertions, if untrue, to remain disproved.

I have asserted that the Locks were such as, in our situation, were most conducive to public good & private interest. To prove this, I have shown that the very interest on the difference in the cost of the cheapest Lock suggested is more than double the sum requisite to keep the Locks, on their present construction, in repair for ever; & in a Stone Lock, the interest of one year on the difference in the cost is more than double the amount necessary for the same purpose. I now assert, that, in no one instance, has the delay in navigation on the Welland Canal been owing to the Locks having been made of Wood; but the same causes would have produced the same accidents

with Locks of any other construction. It will be recollected, that, in the various attacks on this work, the form and mode have also varied to so great a degree, that what was, at one time, considered an argument in favor of the Canal, has, to suit the convenience of the assailants, been perverted into a charge against it.

Thus, its friends have asserted, that, when finished, its advantage would be greater and its income increased, because it would be used by the Americans in approach to their own sea-ports; and, in this way, even those who had a distinct commercial interest, would aid in support of a work by which the facility for conducting your commerce has been promoted. This anticipation was considered improbable, when first named, as a foundation for hope of income; but no sooner does experience prove it true, than this very use of the Canal becomes an evil. Thus has it been with the Locks. The first flood would sweep off the rubbish. The floods came again and again—the Locks remained uninjured. Years passed—accident prevented their use, and left them exposed, without water in them, to the heat of Summer and the frost of Winter; yet two or three only have required attention: But that was enough to renew the charge; and I must confess I have been much surprised to hear assertions made by men whose opportunity for information has been better than mine, which, with even the personal attention I have been able to give the work, I know to be unfounded.

Of the assertions I have made with regard to this part of the work, those which relate to relative expense rest on calculation; and, if this be correct, must be undeniable. Such as are founded on duration and safety, are proved by experience and observation. We have nothing to ask but an examination of proof.

I have said, if Stone Locks had been attempted, the ruinous result must have been inevitable. £4,812, the cost of one of the Stone Locks of Mr. Wright, multiplied by 40—the number of Locks on the Canal—would be £192,480.

In what state should we have been placed if an attempt like this had been made? The sum required for this object only, would, after the expenditure of our money and the first £25,000 of the Province, have prevented any further advances.

If, with a Canal almost completed, sufficiently prepared to give conclusive evidence of its immediate and immensely prospective advantages, there is still strength of opposition sufficient to render it doubtful whether this important commercial channel will continue to receive public support,—how evident must it appear, that any attempt to make the Locks of more durable materials would have caused an entire and disastrous failure!

Much has been said of the large amount yet required by the examination and estimate of Mr. Wright to complete the Canal. I have before alluded to his view of the subject, and his object in thus presenting it. I will now examine other parts of his Report, and show that a greater part of those expenditures are to be incurred on the Canal, in the event only of certain contingent extension and improvements, not necessary for its immediate and beneficial use.

In the Supplement to the Report a more detailed estimate is given, in which we find what is more suited to our situation.

The entire amount absolutely necessary is about £10,000 for the ensuing year; of which sum three-fourths are required for the Harbour and Permanent Work. In another year, if thought expedient, he has pointed out some further useful permanent improvements; and the entire sum of £7,550 is named for repairing Locks, and building four *new ones at his own estimation*. It will readily be seen, with all the professional and proper anxiety of Mr. Wright that this Canal should ultimately become such, in its construction, as its situation and great prospects demand,—he cannot for a moment entertain the thought that any suggestion of future expenditure, upon expediency only, would occasion hesitation in its support. He, therefore, in all his statements, includes the necessary expenditure for enlargement, if increased business shall require it.

No part of this should be taken into the account when the propriety of present aid is alone considered: When the Canal shall require such outlay, there will be no difficulty in supplying it. In connexion with this part of the subject, I would refer to the Report of the Commissioners: They say, that “the greater part of the sum expended by them has been applied in finishing the Canal rather than repairing it.”

In conversation I have heard it urged, by way of argument against hope for future aid, that the expenditure of £7,500, last season, is a criterion by which the annual outlay for repairs may be estimated. How does this agree with the declaration of the Commissioners “that the greater part of this money was expended in finishing, rather than repairing, the Canal?” It was also then said, that the income of the Canal received during the Season should be compared with such annual outlay, to test its usefulness. It requires a more exhibition of such declarations, where they can be seen in connexion with the statement of facts as they are, to show their fallacy. I beg leave to refer to the account of Tolls, and the manner and time of their receipt, to show that the business of the season was broken; and they were but a fraction of what would have been received if the navigation had commenced early and could have continued uninterrupted. From this it will be seen, that, in the month of July, more than £1000 was received in Tolls. This is always a month in which there is the least transportation; yet, even this year, in which no expectation could be entertained that much would be done, with every engagement for the year against the Canal—if each month had been equal to the one that is commonly the least consequence, the income would have exceeded £8000; but, if the full season had been enjoyed, more than £12,000 would have been received, even at the present low rates of toll,—which are, for the whole of this large Canal, as low as those on the Burlington Bay Canal. It was thought advisable to put down the Tolls, for the purpose of inviting transportation, as low as possible. In some instances they have been placed unnecessarily low. This is not unfavourable to the ultimate hopes of the Proprietors, but, in the present state of things, gives some plausibility to the statement of our opponents.

While we are thus struggling with difficulties,—when even the smallest circumstances are seized with avidity to embarrass our operations,—the Legislature is called on to encourage and give additional strength to opposition by the incorporation of a monopolizing Joint Stock Land Transportation Company, without affording equal facilities to the Canal Company or its friends. From such competition there cannot ultimately be any thing to fear if the Canal should be supported so far that the assurance of one year's business may be given. The effect, however, will be injurious to the estimation of the value of the property until time shall prove that such competition against the Canal cannot be sustained. There is also another view in which it may prove prejudicial to the interest of the Canal Company, and one which I fear more than any other. There are some

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who are willing to support the Canal with any required aid if they can be assured of a direct return from Toll; and are too timid to rely on the other advantages arising from Commerce, Population, &c.—which are, how-
ever, equally certain, and evident to those who reflect on them. But, without such reflection, or examination
of the capabilities of the country to be improved, and an independent exercise of the understanding, such
friends are often driven, by their fears, from sustaining the best measures, although they may pass to the
ranks of opposition with great reluctance. All this support is lost through apprehension—when a confident
declaration is made that another channel may be used to equal or better advantage. I have said before, and
repeat, I fear no rail nor any other road. I am not opposed to them; but, when used to our disadvantage,
in estranging our friends, I cannot avoid feeling the injury. I do not recollect what amount has been ex-
pended in improving the Chippewa, and the cut across the Point, by which the place has been literally
renewed. From this place, so renewed, most of the opposition & misrepresentation in relation to the Canal have
emanated: The modicum of Toll charged for the use of our Work has been resisted; and, for the whole of
this portion of our expenditure, we have received nothing but injury from those benefited by it. But I will
say no more on this subject, and proceed to the examination of other Questions connected with the Petition
of the Directors.

Mr. Wright has said—"The money has been economically expended." We who are deeply interested
are fully satisfied. It is true that there is no other work, proportioned to this in magnitude, which has not
cost more money.

Under unexpected difficulties, and the necessity for expenditure beyond original estimates and anticipated
costs, (and even without such embarrassments,) the instances in which Government aid has been liberally
given to works of this sort are frequent.

On the Continent of Europe they have been principally Government Works,—while, in England, they
have been made by Joint Stock Companies, sometimes aided by the Government. In America they have
been made by both the State Government and Joint Stock Companies;—the latter, in large projects when ne-
cessary, aided by the Local or State Government. The Union Canal in Pennsylvania, the earliest attempt in
the State, was very liberally supported by public munificence; a guarantee of five per cent. dividend was made
by the State to the Shareholders; and State Grants were made, by which the Company have realized more
than 500,000 dollars. That State has, within 14 or 15 years, expended about 20 millions of dollars on works
of this description. The Chesapeake and Ohio Canal Company has had a large Subscription from Washington
City; and Capitalists in Holland have loaned to that City one million of dollars. The Chesapeake and Dela-
ware Canal, with four Locks only, of the same size of those on the Welland Canal, has cost about £700,000;
the distance is 16 miles. The estimates for this Work were as much below the actual costs as ours. The
public aided in its completion; and, when unexpected difficulties were encountered, this assurance of ultimate
safety enabled the Company to procure, on loan, what was necessary.

The Hudson and Delaware Canal was also the work of a Private Company—a Boat Canal of small dimen-
sions, depending for its support upon a mineral region only. In constructing that Canal, the cost also far
exceeded the estimates; and the value of the Stock had become very much depreciated in market, when, on
application to the Legislature of the State of New York, a loan of the credit of the State to the amount of
5 or 800,000 dollars was given to the Company in 1827;—and, this First Loan being found insufficient, on a
second application, in 1829, Another Loan, of the same description, for 300,000 dollars more, was made to
them. By this judicious and timely aid, the Canal was completed, and the price of the Stock increased to a
premium above the par value, instead of being, as it was before, at a great discount.

In Great Britain also, the Forth and Clyde Canal was undertaken by a Private Company; the work was
abandoned for a time for want of funds; but the Government revived it, and aided in its completion by a grant,
sufficient for that purpose, of £50,000.

We have indeed been aided by the Province in our undertaking; but I would, with the utmost deference,
ask,—Has the work been fostered in a way in which it could be sustained to the best advantage? Look at the
manner in which its supporters have been assailed here. It has often been said, that Government has been
deceived in the amount required to complete it. This is true; and so have the Private Shareholders.

In the last representation in 1831 there was no such error. The wants of the Company were then freely
exhibited; and, even with the disadvantage of the loss of an entire year in the use of the Canal by a public
calamity, that exhibition embraced all that was required. We have spoken of the immense resources of the
Country, and the great importance of this connecting link of communication, until it is heard like the repeti-
tion of an old tale. Mr. Wright and the Commissioners have again drawn your attention to it. I shall not
trouble you with my observations on this branch. I will now take the liberty, with your permission, to exa-
mine an objection I have often heard made,—that these loans are a load on the Province, and impair the power
of making other important improvements. This is one of those financial objections which may be easily re-
futed; but even plain demonstration is often insufficient to convince of error. Unpromising, however, as this
task is, the resources are so certain that I must not pass it without some examination. There is an evident
distinction between debts incurred by the Government for improvements in the Country, and such as are lost
in the ordinary and extraordinary expenses thereof, where no such object has been obtained. This truism
has been thus named, because, in the reasons I have heard opposed to incurring a provincial debt for objects
of improvement, the two have not been properly distinguished. They may both be equally important to the
Country; but one is a load upon its resources, and the other increases them. Objects of improvement, for
which public expenditure is required, are also of many different kinds.

Those from which immediate income is derived, and which at the same time promote the general prosperity,
are most desirable, and bear their own recommendation by every consideration of duty and sound policy. Yet
local interests and preferences, personal animosities and attachments, combined with many others of the
great variety of human motives, more frequently interfere with and embarrass such measures, than any other.
Their very prospects, and certain beneficial effect, if completed, insure stronger combinations and more un-
remitted efforts to defeat them. One of the most diabolical and insidious passions by which our erring nature

is cursed, (Envy,) is not unfrequently the foundation and mainspring of the most violent and persevering efforts, thus made for destruction merely. Those who are sincerely desirous to promote useful public objects, without regard to their origin or supporters, must be closely watchful lest species sophistry, professed honesty, and affected fearfulness of public injury, so far mislead as to induce them innocently to do or permit an irreparable injury. These are the weapons by which men of strict integrity, unsuspecting of the motives of others, are too often successfully assailed. When all the advantages of a project or measure are fully known to those who are called to act on it, nothing need be apprehended; but, on very important questions, many who are required to act must necessarily be governed by the representations and arguments of others. Those should therefore look to the very source of opposition and support of a measure, in the absence of stronger evidence to test the accuracy of the alleged facts and arguments by which it is sustained. An object of improvement is proposed—its beneficial effect is first examined: In this all agree. Then, what are the means to accomplish it? Will it furnish its own income by making a return upon the outlay, by duty or toll imposed on its use?—or is the whole advantage from it an increase of the individual prosperity and wealth of the country? Under the last class of improvements must be placed public highways, bridges, harbours, &c. (*The Welland Canal Harbours have not indeed been so made,*—but in most cases they are, and should be, sustained by the public funds.) The wants of the community, and the direct means to make such works, have been viewed by many cautious politicians as the only landmarks by which action upon them should be governed. In opening a road by public appropriation, no one in this Country ever proposed making the person using it pay for that use by imposing a toll upon it. The cause of such forbearance is evident;—the very object in making it would be defeated: No settler could afford to use it; and the Country must remain a wilderness. Canals have, however, been usually properly placed under the other class of improvements from which a direct return, or a part at least, of the outlay for their construction and support, should be expected,—because their convenience is demanded by the increased population and wealth of the Country after the first stages of settlement shall have been passed. The prospect of repayment from them by tolls becomes an object for preliminary examination. For the accomplishment of such objects, it has frequently occurred that Government has called in aid, and united with their measures individual attention, enterprise, and interests. The motives for this combination have been very various in different countries, and different instances in the same country. I only say such has often been the policy. I shall, before I close this communication, have occasion to refer to the relations and duties of the parties thus mutually interested. The question, whether a Canal will pay, once settled, its practicability proved, the work commenced and in progress, if undertaken by the Public, a pledge that it shall be completed is thus given, which nothing but the positive want of ability should be permitted to violate. What is this ability? In what does it consist, & how may it be applied? I aver, with a consciousness that I am sustained by sufficient proof, that there is no territory or Government whose finances are better situated, whose resources are more certain or commandable, and whose country is better placed for profitable improvement, with the expectation of immediate return, than the Province of Upper Canada. I have been furnished with abstracts from reports, from which it appears that the revenue of the Province for the last few years has been rapidly increasing; and although the expenditures have also increased, yet the proportion, except for such objects as must make a full return upon the outlay, has been no way equal to such increase of revenue. In the present year, including only a regular dividend on the bank stock, and the probable direct income from the various investments made for public improvement which produce a return, the amount of revenue will exceed £50,000, estimating the permanent expense at £30,000 exclusive of the interest on loans, and a more favorable state of things can scarcely be desired. I make this statement of expenditure more to draw attention, than with any pretension to a knowledge of its accuracy. Whatever the balance at present, or reasonably anticipated may be, that with the expected return from the outlay, forms the legitimate basis for the credit of a Government, and may advantageously be used for the extension and improvement of the sources of revenue. Thus it would appear that the Province now possess an income, the greater part of which is derived from a very moderate impost, of about £50,000 above all the necessary calls upon it, for disbursements of Government. The legal Provincial interest is 6 per cent. You have then a foundation for a fund for internal improvements which will bear hard on nothing, create not a penny more of taxation to the amount of £800,000. The result of such improvement, when made, is as certain, and founded on as fixed a law of society, as a flow of water is on a law of nature. If the improvement shall pay no interest on the outlay, except to sustain itself in repairs, the increase of the revenue will be in proportion to the population and wealth introduced and fostered by it. Thus the actual resources of the government and the state of the country are substantially improved. Is this result doubtful? Does not the policy and experience of every country in the world prove it?

In the United States, by the Federal constitution, all revenue from foreign commerce, has been transferred to the Federal government. The Commercial intercourse between the States, by an inhibition in the same instrument, cannot be taxed. The subject of internal improvements has hitherto almost wholly been attended to by each state, within its own territorial limits only. Thus cut off from any reliance on an income which you possess, and many of them having no other advantage equal to yours, it may not be deemed irrelevant briefly to shew, how some of these States have incurred for them a debt of many millions, and in five years more, (fifteen years from the time of their completion) the whole debt so incurred with the interest, will be paid by the income from the work itself. Many of the other States are also constructing similar works at their own expenses, to which I have before alluded, and they do not think themselves poorer in consequence of the debt created for them.

Pennsylvania and Ohio are expending largely, and New York is also extending her Canals. The comparison between your resources and any of these States, the most prominent and prosperous of the whole confederation, is much in your favor. The revenue from imposts and tonnage benefitted and increased by these very improvements, is not at all under their control. Yet they understand well the beneficial effects of such operations, and have no apprehension from any debt incurred for their construction; the works afford the means for paying the debt. The improvements you have now in contemplation and those already made, present more favorable prospects for return than any other. There is no light in which they can be viewed, from which a stronger hope of return may not be entertained, than from any of those named. Instead of being a load, they may be made a source of additional revenue. The Welland and the St. Lawrence Canals, although distinct un-



derstanding, question to be a subject only. The different ligaments of the a comparative increased not the country be asked ledge, that the 30,000 knowledge the rate of to the value man, the p portation, the amount I have before capacity to p the country seeing it The contents other projects of the same est in the argument on the interest prospective now changed and in an your side, weight or ing on bos go Mills, al affect the Amer the outlay or for the mercial res me at this I have ness of the three prop and and The sit adopted to and long The fir red to pu It is sa the under Another that the The w use the n The C represent measure is great appeared to Directors The G the Com ports have on loan The p provided lien, wh The g their pro

derelictions, are projects intimately connected in interest. Which should have been first made, is not now a question for discussion more than the particular termination of the Welland Canal at either extremity. It may be a subject of gratification to some, and regret to others; but it is done. I discuss the present and the future only. The past I have used merely in reference to the justice of the country, and as others may regard it in a different light, or see it through another medium, even that is done with the utmost deference to the opinions of disinterested men. The Burlington Bay Canal has been completed, and although its actual cost has been quadruple the anticipated sum, yet there is no doubt of its making an ample return of interest upon the outlay. It is comparatively a small work. Refer to your receipts of custom as exhibited in the official accounts; look at the increased population and wealth in its vicinity; add to those the tolls received for its use; and I would ask, has not the country gained by its construction? Are you loaded with debt for it? or rather may it not with propriety be asked,—Is there any one so regardless of his reputation for intellect or ingenuousness, as not to acknowledge, that it has increased your revenue and aided in filling your Treasury? This is a government work and the 30,000 pounds for its cost is acknowledged to be well expended. So in effect, although not in general acknowledgement, it is with the Welland Canal. Its partial use and anticipated completion have already reduced the rate of transportation for the benefit of your agricultural community more than two thirds. With regard to the value of property above the Canal, it cannot surely be necessary for me to use argument to shew that a man, the product of whose farm is worth more at his own door in consequence of the diminished price of transportation, is thus far an actual gainer by the improvement, and his farm itself more valuable in proportion to the amount thus saved in transportation and the product thereof. This is still the incipient and imperfect stage. I have before spoken of its tolls. It is impossible to limit the amount of transportation upon it except by its capacity to pass vessels. This is an opinion formed by every person acquainted with the extent and resources of the country. An examination of the map of the Province with a knowledge of the climate, soil, rivers intersecting it every where, and lakes by which it is almost insulated, is enough for any one open to conviction. The contemplated improvements on the St. Lawrence in point of advantage to the country, are second to no other projects; they are intimately connected in mutual interest with the Welland Canal and are decidedly links of the same chain. A very small portion of the productions of the country and merchandise would pay an interest in the outlay for the whole line of communication. I must here bestow a few words on a most singular argument on the use of the Welland Canal by American vessels. This is nothing less than that such use impairs the interest of the Canadian Farmer. I have before said that formerly one of the arguments used against its prospective productiveness was, that the Americans would never use it—but they do use it, and the ground is now changed. An important aid to the income of the Canal is derived from American industry and enterprise and in an approach to their own seaport. Nothing that they carry comes in competition with any article on your side, so far as the Canal is concerned. How then, I would ask, can such an assertion be entitled to any weight or even momentary attention? A vessel is cleared from the port of Oswego for Cleveland in Ohio, having on board merchandise and salt, and she brings back a return cargo of wheat, which is ground at the Oswego Mills, or sent to New York in the grain. In what way in the name of reason does this use of the Canal affect the interest of the Canadian, except that he and his country are benefited by the tribute thus paid by the Americans for the use of a communication more convenient than their own, thus contributing to a return on the outlay and consequent advantage of the Province? If the produce shall be destined for the Canada Market, or for the purpose of sending abroad, the Canal has nothing to do with it in any way, but it is a subject of commercial regulation entirely, and its effect may be commercially examined by others, more beneficially than by me at this time.

I have thus passed over in perhaps too hasty and desultory a manner, subjects of importance, but the shortness of the time allotted prevents my putting it in better order. I will now proceed to a brief examination of three propositions which have been presented for legislative consideration, in relation to the Welland Canal Company and its support.

The situation of the Company has been represented. It is now requisite that immediate measures should be adopted to prepare the Canal for early spring navigation. Engagements for transportation will soon be made, and longer delay may lose a great part of what will otherwise be sent through the canal.

The first Question is—shall aid for this work be given by the Government to the full extent of the sum required to put the Canal in a respectable situation, and restore the credit of the Company?

It is said the Government have already aided to an extent far beyond any sum anticipated, and the merits of the undertaking do not warrant any further advance.

Another ground taken in opposition, is, that the amount of repairs recommended by Mr. Wright is so large that the Government cannot do it, and that its means are not adequate.

The whole amount required to pay off the debts of the Company, and put the Canal in a complete state for use the next season, will be somewhat less than £50,000.

The Government and individuals are stockholders in a Joint concern. The Government has had its stock represented in the management of the concerns of the Company by Directors of its own appointment. Every measure adopted by the Board of Directors, has had the approbation of the Government Directors. Indeed, there is great satisfaction in being able to make the assertion, that no Board of Directors in any Company have appeared to me to act with greater attention to the interests entrusted to them, and with more unanimity, than the Directors of the Welland Canal Company, amidst all their discouragements and troubles.

The Government has always been satisfied with the course pursued by its Directors. When the accounts of the Company have been exhibited and examined by Committees of the Commons House of Assembly, their Reports have always expressed satisfaction with them, and been received. The Province has advanced large sums on loan to promote the work, and holds the Canal for such loans.

The private stockholders can never expect to receive any interest on their stock, until these loans are fully provided for. If they had means to aid by loans, they could not do it except on the foundation of a subsequent lien, which might be endangered by the prior claims of the Government.

The greatest portion of private stock is held by a few persons whose means have been exhausted by investing their property in the stock, and they are of course unable to aid any further.

The interest of the government is great in the work,—I have shown that it has abundant means—and from all these considerations it appears to me almost necessarily to follow, that either in its Government character, to sustain a work of such importance, or as Joint proprietor of stock and partner with a prior lien on the property that effectually shuts out the hope of aid from any other quarter, it would not be proper with a due regard to public faith to suffer the Company to die, and then claim the forfeited property. Our case is however stronger than is above represented. That would be a parallel case of common partners with equal proportional participation in the profits; and yet the partner who had means and refused to aid in such an emergency, with the expectation of advantage from the embarrassment, could scarcely hope to retain a character for integrity. Here however the Government has all the profit, and until the nett dividend shall exceed the interest of the debt and be sufficient to provide for the payment of the principal, the Shareholders sustain all the loss.—The improvement is in the land—An immense population and millions of wealth will be added, and the revenues of the Province greatly increased; yet the Shareholders must wait, and perhaps lose all while the public is reaping its full harvest. This is not an imaginary representation—it is strictly true, and if it shall be deemed proper to act upon this proposition only, I cannot avoid feeling a perfect confidence that the requisite aid will be granted.

There is, however, an opinion very prevalent that it would be better that the Government should own this great Channel for Commercial Intercourse. I entertain no apprehensions of the intrinsic value of the Stock, if we can once be placed on a footing to provide against any contingencies, and be enabled to give assurance that the Canal shall be kept in good order for a single season.

None of the accidents which have occurred have lessened my ideas of the intrinsic value of the property. I know the Country by which it will be supported; and the result is inevitable. During the last season the Commissioners addressed letters to the different Shareholders, with a request to answer on what terms they would sell their Stock?—All with whom I am acquainted preferred that an offer should be made, if it was the wish of Government to possess the Canal. They have never considered it worth less than what it cost, including interest. I have also seen two letters from Shareholders in England,—one from the Rev. Mr. Blacow of Liverpool, who appears well acquainted with the Canal and its reasonable prospects, and evidently possesses a degree of accurate topographical intelligence, which, for the proper estimation of its value to the Proprietors and the Country, it would be very desirable to see more generally diffused even here.

The other is from Messrs. Bosanquet, Pitt, and Company. Both letters hold the Property in greater estimation than some of our Shareholders, but not higher than I do. I hope Mr. Merritt, to whom these letters have been addressed, may feel himself at liberty to submit such portions of them as are applicable. On this subject I have nothing further to say: It is a measure resting with Parliament. If no sufficient aid be furnished on such terms as the Company can take, it appears to me reasonable that arrangements should be made to purchase out a sufficient amount of Stock,—to vest in the Government a control of the Work.

If, however, a state of feeling shall exist, which cannot consider the resources of the Country, and the abundant means it possesses to aid or purchase, in the light I have endeavoured to present it,—I would then submit, for the purpose of enabling the Directors to offer security on an unincumbered Canal, that the Government relinquish its interest therein on condition that the Stockholders put the Canal in good order, and keep it so. I would not name this proposition, if some gentlemen had not informed me that many members thought this measure preferable to any other.

I am,
With the greatest Respect,
SIR,
Your Obedient Servant,

J. B. YATES.

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